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MINNESOTA REQUIREMENTS, DEFERRED FIXED ANNUITIES

I. Minnesota Specific Requirements

The following are the requirements that the department analysts will be applying to deferred fixed annuity filings submitted to the department.

A. Readability – Group and Individual

Minn. Stat. Chapter §72C.10, subd. 2 The commissioner shall disapprove any contract or policy if the commissioner finds that:

- (a) it is not accompanied by a certified Flesch scale analysis readability score of more than 40;
- (b) it is not accompanied by the insurer's certification that the policy or contract is in its judgment under the standards of sections 72C.01 to 72C.13;
- (c) it does not comply with the readability standards established by section 72C.06;
- (d) it does not comply with the legibility standards established by section 72C.07; and
- (e) it does not comply with the format requirements established by section 72C.08.

B. Signatures Required – Group and Individual

Minn. Stat. §60A.08, subd. 5 All insurance policies shall be signed by the secretary or an assistant secretary, and by the president or vice-president, or in their absence, by two directors of the insurer. The signatures may be facsimile signatures.

Minn. R. Part 2605.0400 Filings made solely to change a company name or officer signature, correct printing errors, or make editorial changes are subject to filing fees.

C. Minnesota Life and Health Insurance Guaranty Association – Group and Individual

Minn. Stat. §61B.28, subd. 7 No person, including an insurer, agent, or affiliate of an insurer or agent, shall offer for sale in this state a covered life insurance, annuity, or health insurance policy or contract without delivering at the time of application for that policy or contract or at the time of delivery of the policy or contract, a notice in the form specified in Minn. Stat. §61B.28, subd. 8, or in a form approved by the commissioner under paragraph (b), relating to coverage provided by the Minnesota Life and Health Insurance Guaranty Association.

D. Limitation on Combination Policies

Minn. Stat. §60A.06, subd. 3

(a) Unless specifically authorized by Minn. Stat. §60A.06, subd. 1, clause (4) it is unlawful to combine in one policy coverage permitted by subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies.

(b) This subdivision does not apply to group policies.

(c) This subdivision does not apply to policies permitted by Minn. Stat. §60A.06, subd. 1, clause (4), that contain benefits providing acceleration of life, endowment, or annuity benefits in advance of the time they would otherwise be payable, or to long-term care policies as defined in Minn. Stat. §62A.46, subdivision 2, or chapter 62S.

E. Notification on Group Policies

Minn. Stat. §60A.084 An employee providing life or health benefits may not change benefits, limit coverage or otherwise restrict participation until the certificate holder or enrollee has been notified any changes, limitations, or restrictions. Notice in a format which meets the requirements of the United States Department of Labor is satisfactory for compliance with this section.

F. Retroactive Termination Of Coverage Under Group Policies Is Prohibited - Group

Minn. Stat. §60A.086,

Subdivision 2 - Requirement – No plan of group disability coverage shall permit the issuer to retroactively cancel, retroactively rescind, or otherwise retroactively terminate the coverage of an employee, dependent, or other covered person under the group coverage without the written consent of that employee, dependent, or other covered person. For purposes of this subdivision, “covered person” includes a person on continuation coverage or eligible for continuation coverage.

II. Actuarial Filing Requirements

The following are the requirements that the department’s actuarial staff will be looking for in deferred fixed annuity filings submitted to the department.

1. Provide a clear indication as to whether the form is new or if it will replace a previously approved form.
2. Indicate whether the filing is for a flexible premium policy or a single premium deferred annuity policy and whether it is a base policy or an endorsement.
3. A specifications page must be provided for contracts and endorsements.

4. If there are any numerical items on the specifications page that are in brackets and intended to be variable, a separate variability statement must be submitted, which provides the range of variability that is sought.
5. A complete actuarial memorandum signed and dated by a qualified actuary must be provided with the filing.
6. In the actuarial memorandum, the calculation of the interest rate used in determining minimum non-forfeiture amounts must be specifically defined and in compliance with Minn. Stat. §61A.245, subd. 4(b).
7. The method of calculating the interest rate used in determining minimum non-forfeiture amounts must not allow company discretion in setting the rate.
8. The actuarial memorandum must demonstrate that the guaranteed minimum values meet the “**retrospective**” forfeiture test for all durations as described in Minn. Stat. §61A.245, subd. 4(a).
9. The actuarial memorandum must demonstrate that the guaranteed minimum values meet the “**prospective**” (or “smoothness”) non-forfeiture test as described in Minn. Stat. §61A.245, subd. 6.
10. The actuarial memorandum must contain a description of the reserving methodology for each benefit provided in the contract.